

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6815

BILL NUMBER: SB 252

NOTE PREPARED: Jan 27, 2004

BILL AMENDED: Jan 22, 2004

SUBJECT: Unclaimed Property Notification.

FIRST AUTHOR: Sen. Lawson C

FIRST SPONSOR:

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides that, under the law concerning unclaimed property, the Attorney General is not required to pay the prescribed rate for publishing a notice in a newspaper concerning property reported as a result of a demutualization of an insurance company.

Effective Date: (Amended) Upon Passage; July 1, 2004.

Explanation of State Expenditures: (Revised) This bill addresses the expected increase in unclaimed property reported to the Attorney General as a result of the demutualization of insurance companies. Absent this legislation, the Attorney General would be required to publish a legal notice in a newspaper of general circulation of the unclaimed proceeds from the demutualization of an insurance company at least twice in a two-week period in the county of the last known address of the person named.

This bill will allow the Attorney General to make special arrangements with newspapers to publish a notice of unclaimed property reported as a result of an insurance company demutualization.

Based on reports of unclaimed property from recent insurance company demutualizations, the Attorney General roughly estimates that this provision could reduce future expenditures on published legal notices in newspapers by up to \$2 M over the next two to three years. Costs associated with publishing these legal notices are paid from the Abandoned Property Fund. (See *Background Information on the Abandoned Property Fund*, below).

The bill will not affect the Attorney General's notification of unclaimed property as a result of the demutualization of insurance companies through its website or other advertisements.

Background Information: Recent changes in the unclaimed property law (P.L. 224-2003) decreased the amount of time in which unclaimed property reports from demutualized insurance firms are reportable as unclaimed property. Prior to this change, unclaimed shareholder proceeds from the restructuring of a mutual insurance firm were reportable to the state as unclaimed property five years after the restructuring event. P.L. 224-2003 changed the law so that unclaimed shareholder proceeds may be presumed abandoned and reportable to the state five years after the insurer's last contact with the policyholder or five years after the mutual insurance company's restructuring.

To date, the Attorney General's office has received about \$37 M in unclaimed proceeds from the demutualization of insurance firms.

Background on the Abandoned Property Fund: P.L. 224-2003 specifies that on June 30 of 2004, 2005, and 2006, the balance of the Abandoned Property Fund, less deductions, is to be deposited in the state General Fund. The Abandoned Property Fund is to retain a balance of \$500,000, and the operating costs associated with the Attorney General's unclaimed property program, including the cost of publishing legal notices, are paid for with appropriations from the Fund. A claimant can recover the value of the property for up to 25 years. Claims not covered by the balance of the Abandoned Property Fund are paid from the state General Fund. Interest accrued on property in the Abandoned Property Fund is deposited in the state General Fund.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of the Attorney General.

Local Agencies Affected:

Information Sources: Jennifer Thuma, Director of Legislative Affairs, Attorney General's Office, 233-6143; <http://www.in.gov/attorneygeneral/ucp/index.htm>

Fiscal Analyst: John Parkey, 317-232-9854.